



## **THE PRESIDENT'S TERMINAL REPORT**

### **CY 2011 to 2016**

The John Hay Management Corporation (JHMC) continues to be a strong catalyst for economic growth and job generation in the Cordillera Region, unwavering in its mandate to develop the 625-hectare Camp John Hay as a premier tourist and investment destination and a center for human resource development. The Corporation manages its forest watershed areas with the goal of sustainable multiple use, and administers effective and efficient regulation in the John Hay Special Economic Zone (JHSEZ) and the John Hay Reservation Area (JHRA).

Under this administration, the locators in the JHSEZ increased by 54 % over the past six years, with a total of 120 business enterprises as of 31 December 2016. This resulted in an unprecedented increase of 292% in jobs generated in the Zone for the same period, with a total of 5,523 employees for year 2016. Sixty-four per cent (64%) of these jobs are provided for by the business processing outsourcing (BPO) facilities. More importantly, 95% of the workforce in the Zone are residents of the BLISTT (Baguio City, La Trinidad, Itogon, Sablan, Tuba, Tublay) and the Cordillera.

Notwithstanding the unresolved issue of possession of the 247-hectare prime property within the JHSEZ under the pending case filed by the BCDA against the private developer, Camp John Hay Development Corporation (CJH Devco), which has restricted new business development and the generation of revenues by the JHMC, the Corporation has proudly achieved many milestones in fidelity to its mandate, that have contributed to its growth and efforts toward financial viability.

This Report covers the accomplishments of JHMC for calendar years 2015 to 2016 and summarizes major achievements and milestones since 2011.

It is a privilege and an honor to report the major accomplishments of the JHMC.

## ISO 9001:2008 CERTIFICATION

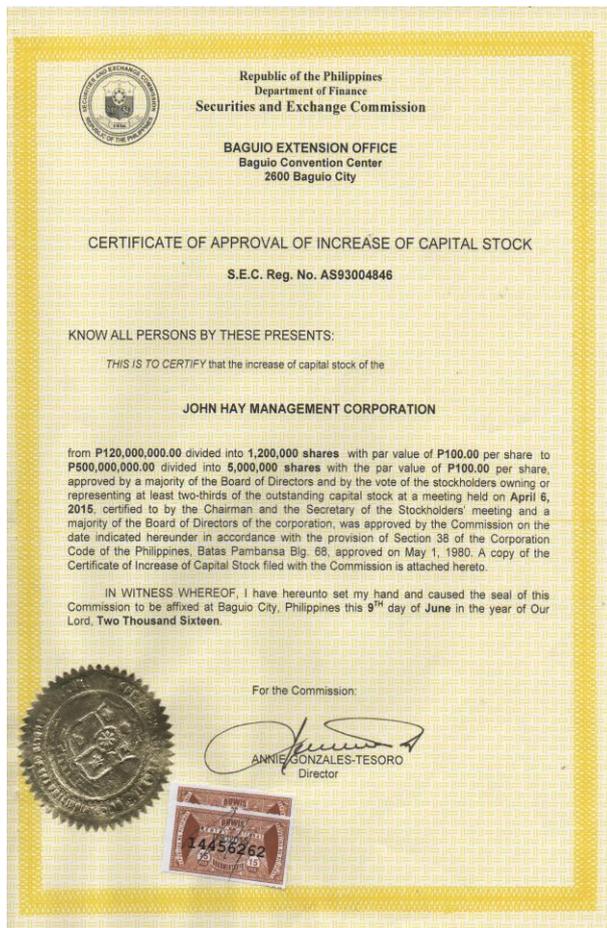
In March 2016, the JHMC was certified to the ISO 9001:2008 for its Quality Management System in clear recognition of its achievement of an elevated capacity for and quality of public governance.

Ensuring efficient, transparent, and accessible delivery of quality public service are the key elements of the strategic governance framework of the Corporation. JHMC is committed to abide by its accredited Quality Management System that is responsive to the needs of its stakeholders and attained a 90.9 % satisfaction rating based on the External Customers' Satisfaction Survey in CY 2016.



In November 2016, the JHMC was awarded a Certificate of Recognition by the Government Quality Management Committee chaired by the DBM Secretary Benjamin E. Diokno for its certification to ISO 9001:2008 standards.

## SEC APPROVAL OF INCREASE IN AUTHORIZED CAPITAL STOCK OF JHMC



Among the major accomplishments of the Legal Department, in collaboration with the Offices of the Corporate Secretary, and the Internal Audit include the approval by the BCDA to increase the Authorized Capital Stocks of JHMC from 1,200,000 shares to 5,000,000 shares in April 2015. This proposal has been pending since year 2004. The said increase provides a more up to date reflection of the accumulated stock subscriptions and capital infusion of BCDA, and the value of the entire Camp John Hay since JHMC (then JPDC) was incorporated in 1993.

In March 2016, the GCG approved the application of JHMC for the aforesaid, and the Certificate of Approval of Increase of Capital Stock was subsequently issued by the Securities and Exchange Commission (SEC) on 09 June 2016.

With the increased Authorized Capital Stock of JHMC, the liability reflected in its Financial Statement representing BCDA's Deposit for Future Stock Subscriptions that have accumulated through the years, which amounted to PHP 263,814,078.97 as of 31 December 2015, will now be considered as Equity.

In September 2016, the JHMC Board approved the issuance of Stock Certificates to the BCDA with a total of 2,638,140 shares with par value of PHP 100.00.

The reconstitution of the JHMC Stock and Transfer Book (STB) was likewise accomplished in 2015 and updated in 2016 to reflect the movement and transactions related to JHMC's Equity.

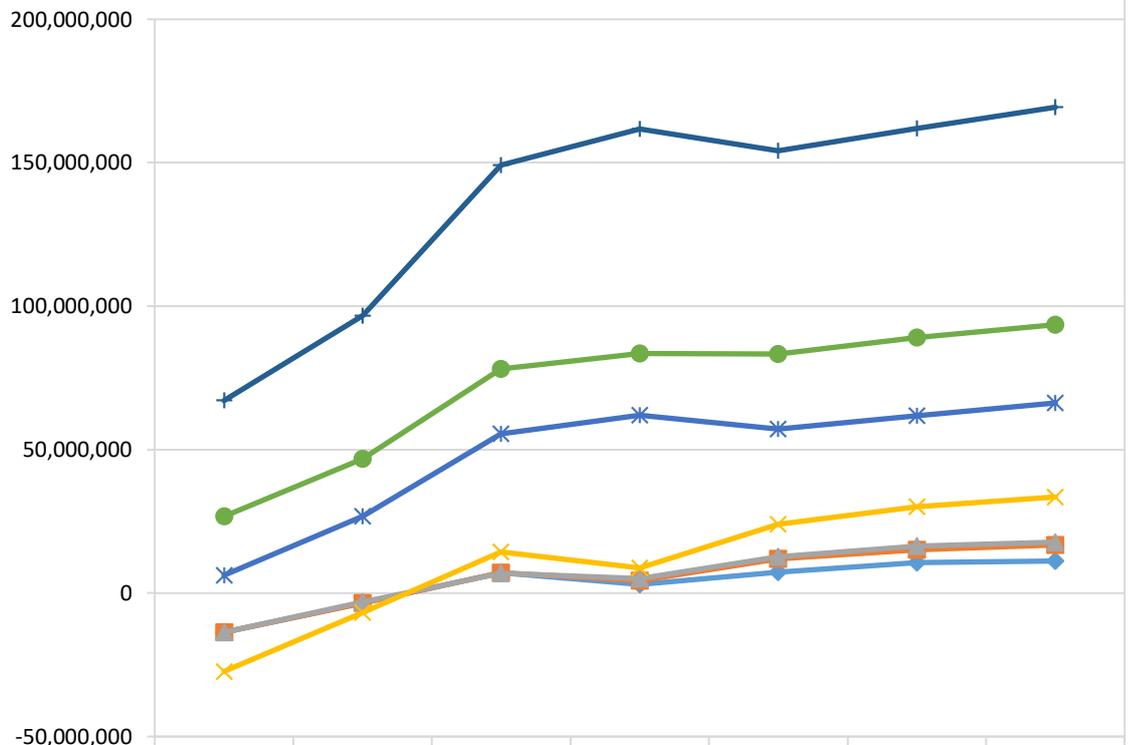
## FINANCIAL REPORT

The John Hay Management Corporation achieved significant milestones in its financials under this administration. This is a result of reforms institutionalized in the organization, which put systems in place and instilled best practices and good governance in the administration of Camp John Hay.

From net losses in previous years, the JHMC began to attain positive net incomes from 2012 to the present.

The graph below presents the comparative income and expense statements for CYs 2010 to 2016. (The data for 2016 is subject for audit by the Commission on Audit.)

### Comparative Income (after tax) and Expense Statements for CYs 2010-2016



	2010	2011	2012	2013	2014	2015	2016
—+— Gross Income	40,383,020	49,941,496	71,062,038	78,366,193	70,790,923	72,809,521	75,789,190
—●— Personnel Expenses	20,499,961	19,962,729	22,487,493	21,407,317	26,155,288	27,392,574	27,282,909
—*— MOOE	33,530,081	33,651,079	41,245,871	53,280,395	33,300,997	31,621,781	32,759,443
—x— Operating Income	-13,647,022	-3,672,311	7,328,674	3,678,481	11,334,638	13,795,165	15,746,837
—▲— Other Income and Expense	-3,090	253,477	-171,145	702,505	624,660	1,260,925	987,064
—■— Corporate Tax	0	0	0	1,345,104	4,673,921	4,397,489	5,595,046
—◆— Net Income after Tax	-13,650,112	-3,418,835	7,157,529	3,035,882	7,285,377	10,658,602	11,188,854

Source: JHMC Finance Department, 2016

# ASSET MANAGEMENT

## TOURISM

The tourism industry remains the primary vehicle for job generation and economic growth in the City of Baguio. Based on data from accommodation facilities, the tourist arrivals in Camp John Hay increased by 44% with about 268,621 visitors for year 2015. In year 2016, there were 85,669 tourists (compared to 69,987 tourists in 2015) who visited the Historical Core alone.

The boost in tourist arrivals can be attributed to the promotion of the Camp for recreational and eco-cultural tourism, for Meetings, Incentives, Conventions and Exhibitions (M.I.C.E.), and the opening of the Tarlac-Pangasinan-La Union Expressway up to Urdaneta City, Pangasinan in 2015, which significantly shortened travel time to the City of Baguio from Manila and the South.

The marketing of the Historical Core as a preferred destination for corporate events and family occasions was intensified with 54 marketing events, functions and eco-tours held in 2016.



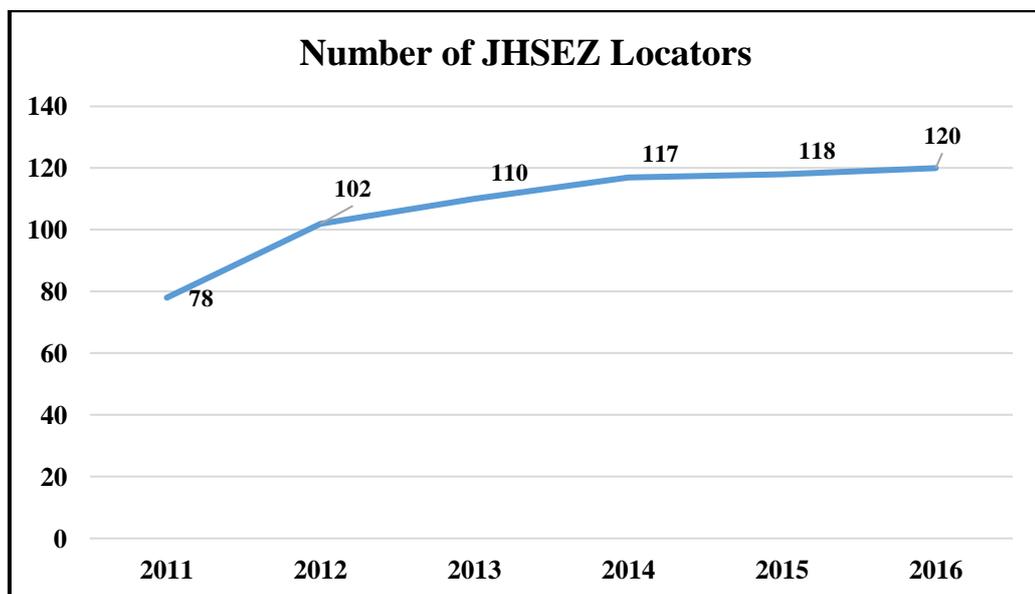
## BUSINESS DEVELOPMENT AND JOB GENERATION

### John Hay Special Economic Zone Locators and Job Generation

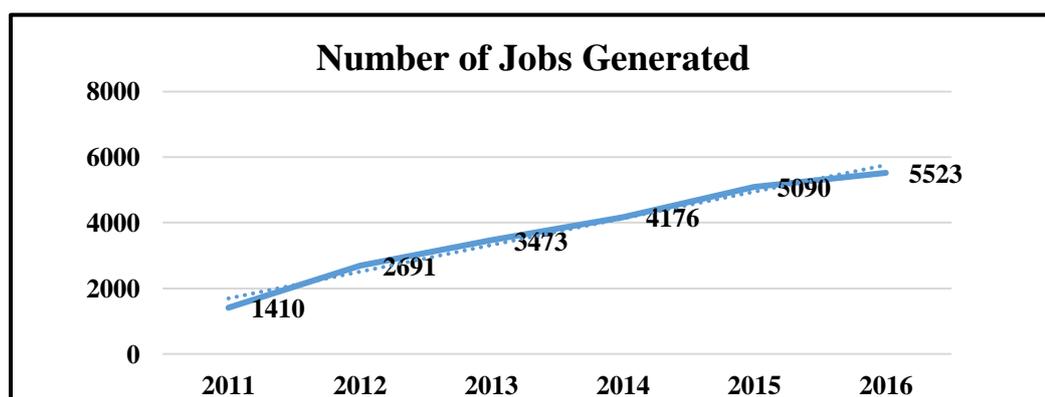
In 2016, employment increased by 9% with a total of 5,523 employed (from 5,090 employees in 2015), with the business processing outsourcing (BPO) facilities of the InterContinental Hotels Group (IHG) and Convergys accounting for 64% or 3,667 of these jobs.

Ninety-five per cent (95%) of this workforce in the Zone is sourced from the BLISTT- Baguio City, La Trinidad, Itogon, Sablan, Tuba, Tublay and the Cordillera.

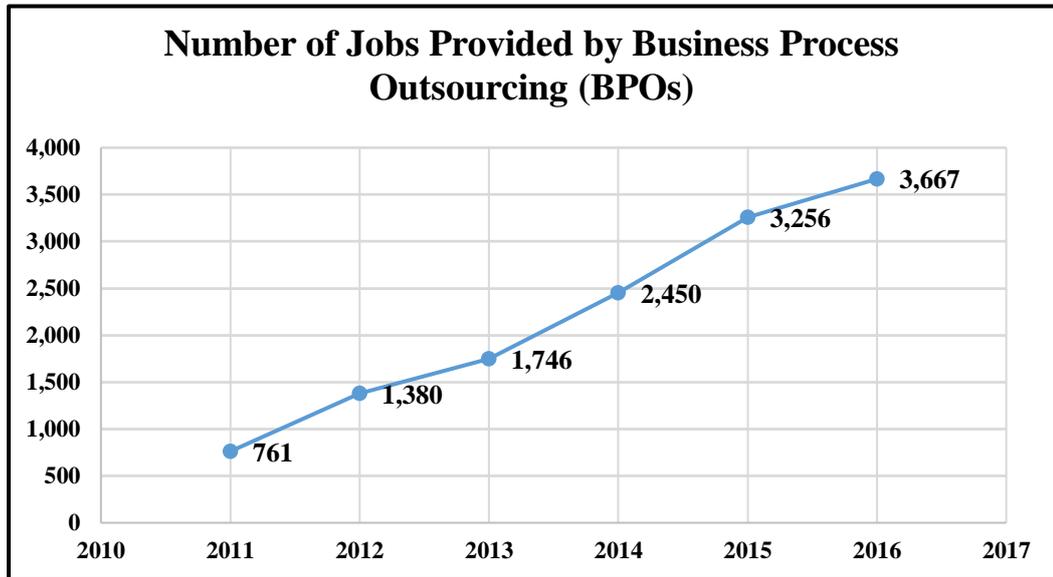
During the period 2011-2016, the number of locators in the JHSEZ increased by 54 % with a total of 120 business enterprises. This resulted in an unprecedented increase of 292 % in jobs generated in the Zone for the five-year period.



Source: JHMC- SEZAD, December 2016



Source: JHMC- SEZAD, December 2016



Source: JHMC- SEZAD, December 2016

## New Businesses and Lease Contracts

### 1. Camp John Hay Mini-Hydro Power Plant in the JHRA

The Camp John Hay Mini-Hydro Power Plant located within the Municipality of Tuba, Benguet and the City of Baguio was built by the Americans in the 1900s. The plant which used to supply an estimated 0.56 megawatt of power for the Camp, was severely damaged during the 1990 earthquake and has not been rehabilitated since its turnover to the Philippine government in 1993.

In March 2016, the JHMC and BCDA signed the contract with the consortium of a Turkish company, Vendeka Bilgi Teknolojileri Ticaret Limited Sirketi and Isabela Power Corporation called Riverflow Ventures and Power Energy Corporation for the long-term lease of the 38-hectare BCDA property for the reconstruction, operation and maintenance of the Camp John Hay Mini-Hydro Power Plant that is projected to generate an estimated 3 megawatts of renewable and clean energy. The comprehensive feasibility study is currently being undertaken and the development stage is scheduled to commence in year 2017.



Signing of the Contract of Lease for the Camp John Hay Mini-Hydro Power Plant, 16 March 2016

## 2. Inbound Pacific, Inc. for the Mile-Hi Center and Cantinetta in the JHSEZ

In December 2015, the Inbound Pacific, Inc. signed a two-year contract of lease with the BCDA and JHMC for the Mile-Hi Center and the Cantinetta Restaurant, with areas of 6,275 square meters and 261 square meters, respectively.



## 3. Rustan Coffee Corporation-Starbucks in the JHSEZ

In March 2016, the Rustan Coffee Corporation-Starbucks signed a five-year contract of lease with the BCDA and JHMC for a 206-square meter property along Sheridan Drive.

## Revenue Generation from Existing Contracts and Other Regulatory Fees

In 2016, the total revenues generated by JHMC increased by 24% and amounted to PHP 137,059,760.06. Table 1 below, indicates the details of these revenues with comparatives for CYs 2011-2016 which showed a 68% increase over the five-year period.

**Comparative Schedule of Collections for CYs 2011-2016**

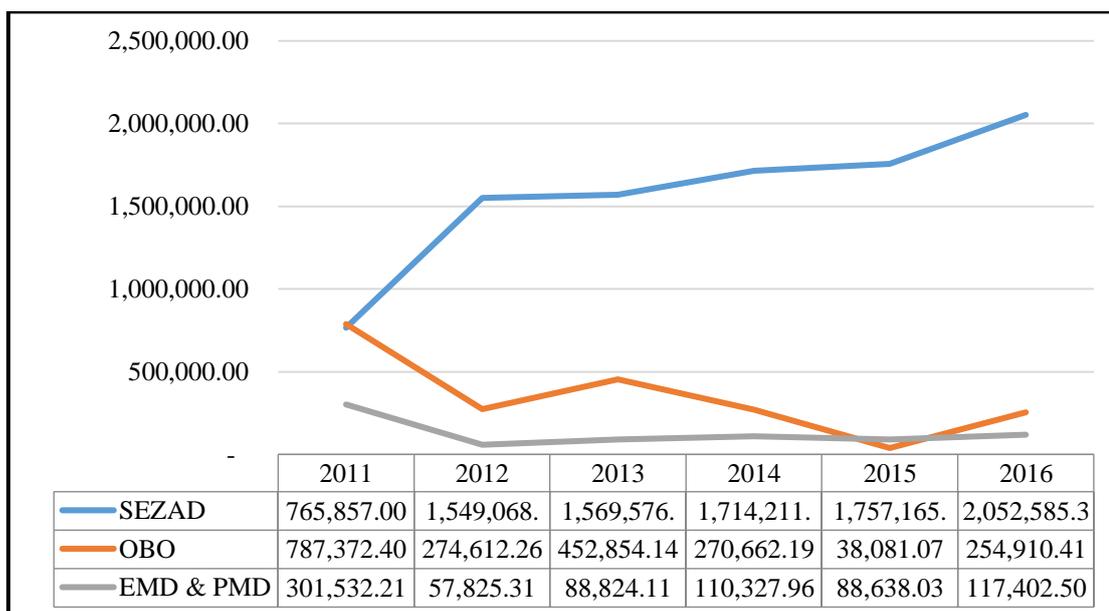
		2011	2012	2013	2014	2015	2016
1	Estate Management Fees / Trusteeship Fees	47,313,024.12	91,774,466.73	76,788,343.00	67,881,861.00	68,560,000.00	69,800,301.00
2	Income from the Economic Zone	1,854,761.61	1,881,505.97	2,111,254.43	2,095,202.05	1,883,885.04	2,424,898.30
3	Rental Income	23,509,586.25	28,247,015.71	27,580,857.04	28,994,946.47	31,628,485.94	58,370,078.35
4	Other Businesses, Services and Miscellaneous Income	2,167,433.35	3,222,226.03	2,625,017.10	2,951,125.50	4,240,513.98	4,421,522.65
5	Other Collections	3,419,739.76	9,326,406.69	1,297,438.79	480,002.62	511,114.00	1,858,552.40
6	Scout Barrio Housing Project	3,426,007.87	1,632,309.49	1,036,109.53	3,131,447.95	3,391,039.41	184,407.36
	<b>TOTAL RECEIPTS</b>	<b>81,690,552.96</b>	<b>136,083,930.62</b>	<b>111,439,019.89</b>	<b>105,534,585.60</b>	<b>110,215,038.37</b>	<b>137,059,760.06</b>
	<b>% Variance from Base Year (2011)</b>	<b>-</b>	<b>67%</b>	<b>36%</b>	<b>29%</b>	<b>35%</b>	<b>68%</b>

Source: JHMC Finance Department, 2016

1. The Estate Management Fee collected from the BCDA amounted to PHP 69,800,301.00 based on our Amended Performance Agreement, which included the supplemental budget of PHP 1,240,301.00 to fund the GCG-approved CY 2016 Year-End Benefit for all employees.
2. The Income from the Economic Zone is mostly comprised of the Special Economic Zone Administration Department (SEZAD) collections from regulatory fees, which amounted to PHP 2,052,585.00, representing a 168% increase in collections as compared to CY 2011, and a 17% increase from 2015. The remaining balance of the total collections of PHP 2,424,898.30 for CY 2016, are from the Office of the Building Official (OBO), the Environment Management and Project Management Divisions (EMD and PMD).

### Income from the Economic Zone (SEZAD, OBO, EMD, PMD)

#### Comparative Schedule of Collections from the Economic Zone for CYs 2011-2016

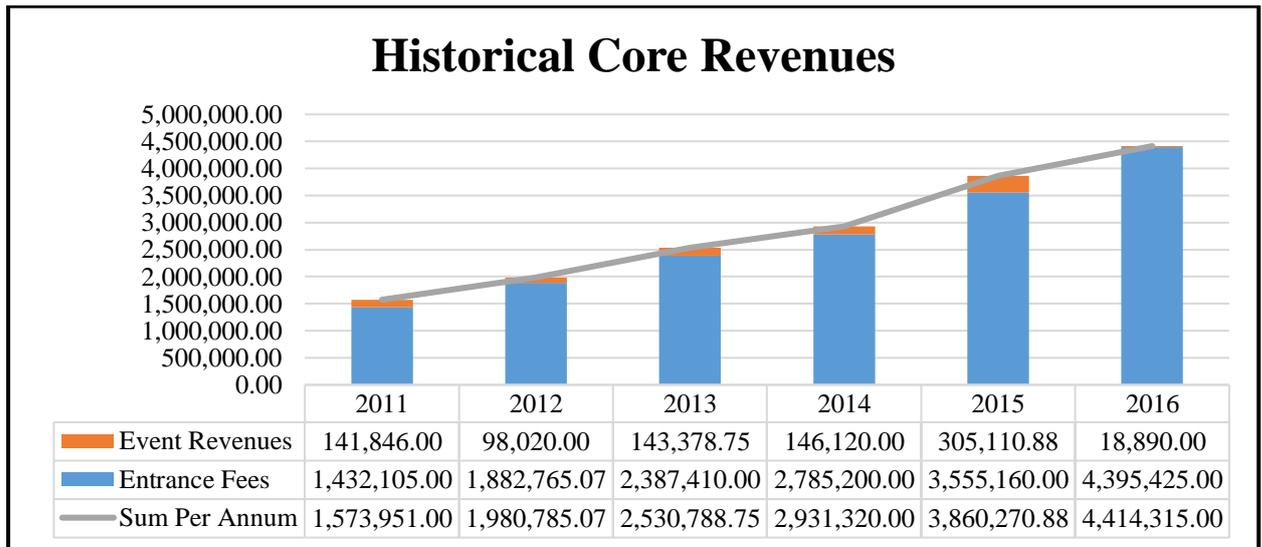


Source: JHMC Finance Department, 2016

3. It is noteworthy that the Rental Income increased by 62% in CY 2016 (and increased by 148% as compared to CY 2011), which amounted to a gross revenue of PHP 60,859,681.96 (and a net income of PHP 58,370,078.35). This increase is attributed to the new contracts entered into by the JHMC and BCDA with the Inbound Pacific, Inc. for the Mile-Hi Center and Cantinetta, and the Rustan Coffee Corporation-Starbucks. The collections from existing contracts with the InterContinental Hotels Group (IHG)-SC Reservations Philippines, Inc. (SCRPI), the Treetop Adventure Philippines, Inc. (TAPI), the Asian Institute of Management (AIM)-Igorot Lodge, the Philippine Economic Zone Authority (PEZA) and the venue rentals at the Historical Core likewise contributed to the increase in revenues for the year.
4. The revenues from Other Businesses, Services and Miscellaneous Income are mostly collections from the Historical Core Revenues for entrance fees and events which totaled PHP 4,414,315.00, representing a 14% increase in 2016, and a 180% increase as compared to CY 2011.

**Other Businesses, Services and Miscellaneous Income (includes Historical Core Revenues)**

**Comparative Schedule of Collections of Historical Core Revenues for CYs 2011-2016**



Source: JHMC Finance Department, 2016

**Asset Disposition Manual**

In October 2016, the JHMC Board approved the Asset Disposition Manual which contains the guidelines for the disposition of land and other assets of the Corporation to prospective investors for business development.

**LAND AND ASSET MANAGEMENT**

**Inventory of BCDA Land and Other Assets**

Among the major accomplishments of the JHMC under this administration is the completion of the inventory of all the BCDA assets within the Camp John Hay Reservation (CJHR), including lands and water sources. This was accomplished through a Relocation with Structure Survey and Utility Survey for the 13 Barangays in the JHRA and the JHSEZ conducted in 2013. This is the first valid survey of its kind conducted by the Corporation which enabled JHMC to establish the metes and bounds of every barangay in the Reservation and validate the occupants and utilities in the estate.

The structure survey provides the latest and most reliable data of residential structures which totaled 2,226, and indicates that since the 1991 DENR Census figure of 603 structures, there has been a 269% increase in structures.

Further, with the data gathered, the JHMC Land and Asset Management Division (LAMD) generated maps which have been of significant value for the Special Patent Application, for business development, for barangay segregation and the resolution of ancestral claims within the CJHR.

Four (4) major water sources were likewise identified within the JHRA in 2015, and permits were applied for with the National Water Resources Board (NWRB) covering Barangays Loakan Liwanag, Hillside and Happy Hollow for the purpose of preserving and maintaining said resources.

## Special Patent Application (SPA) for BCDA Land

The Special Patent Application (SPA) of the BCDA with the Department of Environment and Natural Resources (DENR), for lands within the CJHR covered by a Presidential Proclamation had been pending for the past 20 years (since 1997). The JHMC initiated the creation of the SPA-Technical Working Group with the BCDA-JHMC, the DENR-Office of the Secretary, DENR-Land Management Bureau (LMB) and DENR-Cordillera Administrative Region (CAR) in year 2014.

In 2015, the JHMC undertook the preparation of the complete survey returns for the new Consolidation and Subdivision Survey Plans of the CJHR, which is a requisite to the processing of the said application. All the surveys, which were done in-house through the JHMC's Land and Asset Management Division (LAMD), were jointly validated with the DENR, Land Management Service-CAR.

The SPA for the CJHR resulted in five (5) New Consolidation and Subdivision Surveys with 31 Subdivision Lots covering 476 hectares of the JHSEZ and the JHRA. The processing of the applications will be done in two phases, wherein the first phase will cover the 258.76 hectares without ancestral land claims. The second phase of the SPA will cover the areas with ancestral land claims, and will be processed by the DENR upon the resolution of the related cases.

The first phase of the SPA was favorably endorsed by the LMB to the Office of the DENR Secretary in December 2015. The Secretary forwarded the same to the Office of the President for final approval in March 2016.

The JHMC has been closely coordinating with the Office of the President and the BCDA as it awaits the final release of the Special Patent and Presidential Proclamation for the CJHR.

## Ancestral Land Claims

In 2015, an Inter-Agency Task Force (IATF) on Ancestral Land Claims within the CJHR was created by the Office of the President (OP) which included representatives from the National Commission on Indigenous Peoples (NCIP), the BCDA and JHMC, the DENR and the Land Registration Authority (LRA).





Signing of the Memorandum of Agreement for the JTWG on Ancestral Claims in the CJHR with the Office of the President, NCIP, BCDA and JHMC, 2012

The findings of the IATF were compared with the data obtained from the research work of the JHMC's LAMD in 2014 and the results of the 2013 Joint Technical Working Group (JTWG) on Ancestral Land Claims (with the OP, NCIP, BCDA-JHMC). This revealed an additional 13 Certificates of Ancestral Land Titles (CALTs) issued by the NCIP involving 32,457 hectares. This resulted to a total of 48 CALTs and one (1) Certificate of Ancestral Domain Title (CADT) covering 217.5 hectares found overlapping with BCDA land.

In CY 2016, the JHMC has submitted its updated report to the Office of the President and the BCDA for the resolution of these findings on the ancestral land claims in the CJHR.

## Barangay Segregation Program

In May 2016, the BCDA Board of Directors approved the draft Executive Order (EO) submitted by the JHMC for the segregation of Barangay Hillside from the CJHR, which include the issuance of residential lot awards to the *bona fide* residents. The draft EO was subsequently submitted to the Office of the President for final approval.



Public Consultation on Barangay Segregation with the City Government of Baguio and the JHRA LGUs, 2013

The Final Subdivision Survey Plan for Barangay Hillside, which was duly approved by the LRA in March 2015, together with the Transfer Certificate of Title of the BCDA, were submitted to the Registry of Deeds (RD) in the City of Baguio for the issuance of derivative titles for the identified 45 residential structures and reserve areas in the barangay. In 2016, additional documents were submitted to the RD-Baguio for the final release of the said titles.

From among the remaining 12 barangays for segregation in the JHRA, the JHMC Board of Directors also approved in 2015, the conduct of the Individual Lot Surveys and Subdivision Surveys for six (6) barangays, namely Country Club Village, Greenwater, Sta. Escolastica, Upper Dagsian, Outlook Drive and Lucnab.

In preparation for the Individual Lot Surveys, the JHMC's LAMD and the Community Relations Office completed the Census and Tagging in the aforesaid 6 barangays, and have validated 783 residential structures as of December 2015. The project was accomplished through the conduct of public consultations and coordination meetings with the local government units and the residents.



Source: JHMC-LAMD, 2015

## Scout Barrio Housing Project

The Scout Barrio Housing Project (SBHP) is a socialized housing program of the BCDA and JHMC, and involves the awarding of 163 lot awards to *bona fide* beneficiaries in the barangay. Of these, 160 have been awarded as of December 2016.



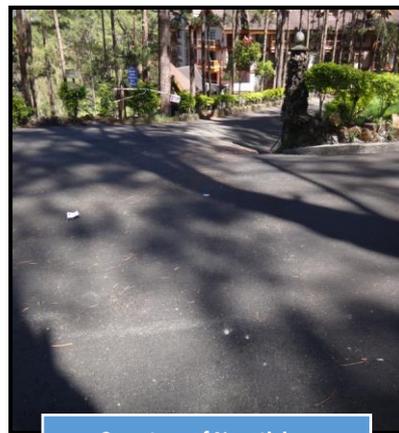
## Project Management Services

### Rehabilitation of the JHSEZ Roads, the Liberty Park and Cemetery of Negativism

Among the major infrastructure projects undertaken by JHMC in 2016 include the Asphalt Overlay Road Projects of the Cemetery of Negativism Road, the roads leading to the BCDA Cottages, Starbucks, Cantinetta and the AIM-Igorot Lodge along Sheridan Drive, and the VOA Loghomes along Loakan Road covering a total area of 7,843 square meters. The project included the construction of curbs and gutters and protective railings along the roadsides.



Entrance to BCDA Cottages and Cantinetta



Cemetery of Negativism



Entrance to BCDA Cottages and Cantinetta

In year 2015, the Rehabilitation and Upgrading of the Liberty Park and the Cemetery of Negativism within the Historical Core were completed. The markers installed by the United States Air Force in 1982 for the Liberty Park and the Bell Amphitheater were likewise upgraded into vertical garden signages.



Inauguration of the Liberty Park and Cemetery of Negativism, 14 December 2015

The Asphalt Overlay Road Project of the Liberty Loop Drive and Bell House Driveway covering an area of 2,700 square meters were likewise completed in February 2015. The project included the grouted riprap wall, with a length of 200 meters, which was built along the perimeter of the Liberty Park for slope protection and to prevent damage to the exposed roots of the pine trees.



Inauguration of Historical Core Road Project, December 2014



Liberty Loop Drive, December 2014



Bell House Driveway, December 2014

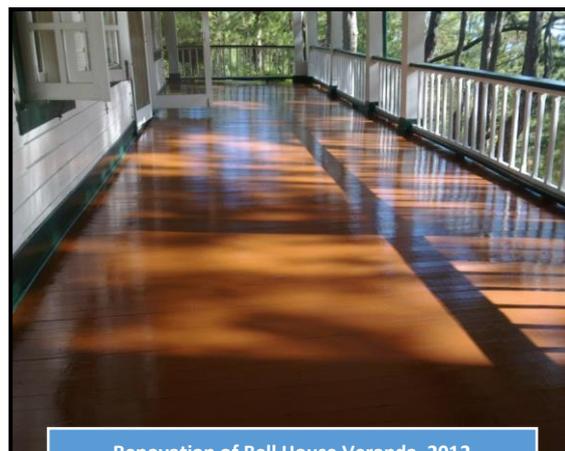
## Rehabilitation of the Bell House and the Bell Amphitheater

The Bell Amphitheater underwent major repairs in year 2012 with the rehabilitation of the gazebos, Japanese lanterns, the replacement of lamp posts and other electrical and civil works. The damaged pathways were restored and the landscaping and maintenance work of the gardens were completed.

The Bell House Veranda was likewise restored in year 2012 to preserve its historical heritage and attract more tourists. The damaged flooring, roofing, gutters and downspouts were rehabilitated with painting works accomplished.



Rehabilitation of the Bell House and the Bell Amphitheater, 2012



Renovation of Bell House Veranda, 2012



Utilizing the aforesaid study, the BSU conducted a training program for the JHMC personnel on the management of pest and disease infestation within the Camp in year 2015, which included the evaluation of the pest infestation, proper soil sterilization and plant nursery management. Two tree surgery procedures were subsequently conducted to revive century old Benguet Pine trees manifesting disease infestation.

Sanitation Cutting activities were likewise undertaken in 2016, as a measure to ensure public safety and control the pest/disease infestation of the pine forest. A total of 29 dead and/or pest infested pine trees in the Zone (as compared to 39 trees in 2015) underwent sanitation cutting with the requisite permits from the DENR-CAR.

## Deed of Usufruct for the DENR-Watershed and Water Resources Research Center

In June 2016, a Deed of Usufruct was signed between the BCDA, JHMC and the Office of the Secretary of the DENR, which allows the 33.74-hectare BCDA land to be used by the Watershed and Water Resources Research Center (WWRRC). This is in line with the sustainable Forest Management Program of JHMC wherein the facility shall provide assistance in the research and development of technologies to improve the management, protection, conservation and sustainable use of the watersheds and water resources within the CJHR.

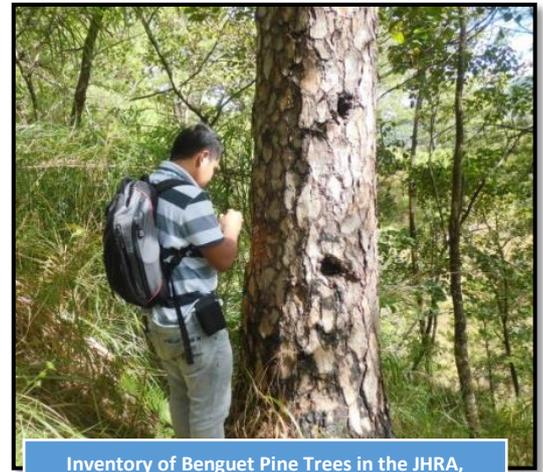
## National Greening Program

The JHMC has consistently complied with Executive Order No. 21, otherwise known as the National Greening Program (NGP) of the government, by planting suitable trees (such as Benguet pine and coffee) within the inadequately stocked areas of Camp John Hay and the BLISTT. Tree planting activities were conducted regularly with the participation of students, barangay representatives, and environment-oriented organizations. A total of 42,169 trees were planted from 2011 to 2016, and a total of 99,115 tree seedlings were propagated in the JHMC Plant Nursery during the same period. In 2016 alone, 2,670 trees were planted and 8,000 tree seedlings were propagated (as compared to 4,414 trees planted and 22,000 tree seedlings propagated in 2015).



## Tree Inventory Project

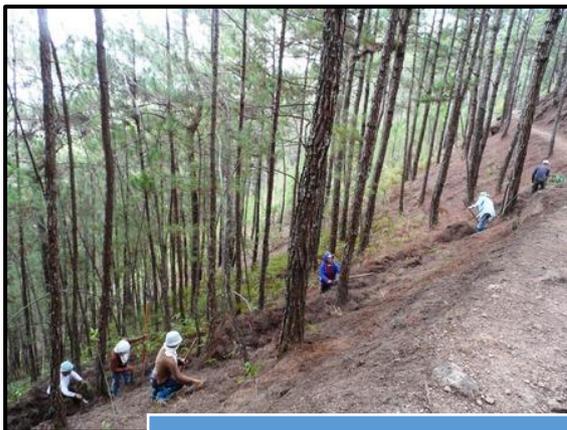
One of the key accomplishments of this administration is the Tree Inventory Project which was completed in year 2014. This covered a total area of 267.67 hectares of the JHRA, where a total of 94,828 trees were marked and counted.



Inventory of Benguet Pine Trees in the JHRA, 2014

## Barangay-Based Firelines

The barangay-based firelines established by the JHMC aim to prevent and control the spread of forest fires. A total of 132,526 square meters of firelines within the JHRA were maintained as of year 2016, representing a 163% increase in the area as compared to 50,878 square meters in 2015.



Barangay-Based Firelines in Happy Hollow and Hillside, 2016

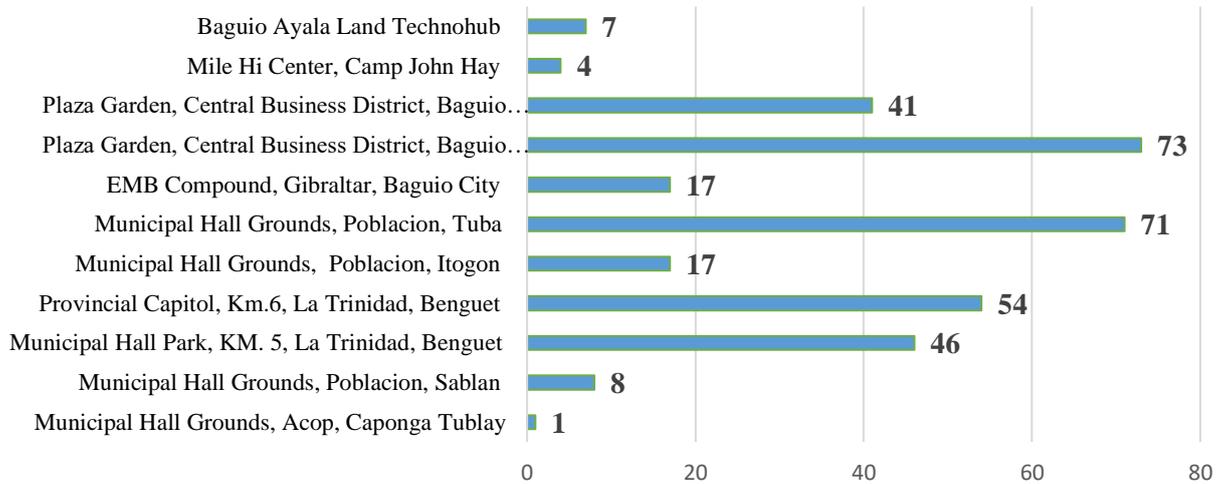
## Ambient Air Quality in the JHSEZ

The JHMC has consistently maintained the Good Air Quality Index (readings from 0-50 ug/cubic meter PM 10) within the JHSEZ, with an average reading of 23.8 ug/cubic meter Particulate Matter 10 (PM 10)), as validated by the DENR, Environment Management Bureau (EMB)-CAR in 2016 (compared to 22.6 ug/cubic meter PM 10 in 2015). JHMC has two Pollution Control Officers whose accreditations were renewed by the aforesaid agency.

Further, in support of the Clean Air Initiatives in the Cordillera Region, the JHMC actively participates in various fora on the BLISTT-Airshed Technical Working Group headed by the EMB-CAR.

## CY 2016 , 4th Quarter Comparative Data on Ambient Air Sampling and Monitoring in BLISTT

**microgram per cubic meter Particulate Matter 10 (PM 10)**



Source: DENR-CAR, 2016

### Memorandum of Agreement for the Installation of the Continuous Ambient Air Monitoring Station (CAAMS)

The JHMC Board approved the Memorandum of Agreement (MOA) with the Central Office of the DENR-EMB for the Installation of the Continuous Ambient Air Monitoring Station within Camp John Hay. The MOA was duly signed by the two parties in February 2016. This monitoring station will continuously measure air pollutants and detect meteorological conditions such as wind speed and direction, temperature, barometric pressure and humidity, and assist the Corporation in determining the effects on the environment of current and future developments in the Camp.



Signing of the Memorandum of Agreement between DENR-EMB and JHMC for the Installation of the Continuous Ambient Air Monitoring Station within Camp John Hay, February 2016

## Memorandum of Agreement for the “Adopt-An-Estero / Water body Program” of the DENR-EMB, CAR

The JHMC Board likewise approved the MOA with the DENR-EMB, CAR for the “Adopt-An-Estero / Water Body Program” along the tributaries of the Bued River and waterways within and outside the CJHR. The MOA was signed by both parties on 27 July 2016 during the 1st Cordillera Environmental Summit held in Baguio City, and attended to by officials from the DENR Central and Regional Offices, the CAR-LGUs, and partner agencies both from the government and private sectors.



Memorandum of Agreement for the “Adopt-An-Estero/Water Body Program” of the DENR-EMB, July 2016

Under the program, the partner agencies “adopt” portions of the identified waterway with the goal of improving its water quality through regular clean-up drives, planting of appropriate species and installation of trash traps. They likewise conduct regular Information and Education Campaigns to increase the awareness and participation of the surrounding communities. The JHMC participated in the National Clean-Up Day on 17 September 2016 covering the areas of the CJHR along the Loakan Road.

It is noteworthy that the JHMC has consistently conducted and sponsored clean-up drives in support of this program since 2011, and from 2014 to 2016 covered the areas identified to be tributaries to the Bued River (Loakan Road from Scout Barrio to Panagbenga Park, Portions of South Drive, Hillside, Sta. Escolastica, Greenwater and Camp 8).



JHMC Clean Up Drive, Loakan Creek, September 2016

Our partner barangays in the previous years included Hillside, Sta. Escolastica, Greenwater and Camp 8. Our partner groups and locators were Treetop Adventure Philippines, Inc., Runners for a Cleaner and Greener Baguio, and the Ayala Techno-Hub.

## Rainwater Water Harvesting System at the Historical Core

The rainwater harvesting system was piloted by the EMD and PMD in December 2015, with two facilities established to collect rainwater from the downspouts of the Bell House and the Warehouse. Collected rainwater was used for the maintenance of the plant nursery, greenhouse, gardens and other facilities within the Historical Core. In 2016, a 35% decrease in the cost of water utilities was achieved.



Rainwater Harvesting System at the Bell House, December 2015

## Establishment of Camp John Hay's Environmental Management System certifiable to ISO 14001:2015

Among the major accomplishments towards the goal of JHMC to establish its Environmental Management System certifiable to ISO 14001:2015 standards include the development of the Solid Waste Management Manual (SWMM) and Hazardous Waste Management Guidance Manual (HWMGM) which were duly approved by the JHMC Board in June 2016. In August 2016, key personnel attended the ISO 14001:2015 Full Awareness Course conducted by the AJA Registrars, Inc. in Subic, Zambales.



ISO 14001:2015 Full Awareness Course, August 2015

Further, the technical assessment of the Environmental Impact of JHMC's processes and activities were undertaken in consultation with the DENR-EMB, CAR, wherein the need to obtain requisite permits were determined consistent with the implementation of the Philippine Environmental Impact System (PEISS).

In compliance with the DENR Administrative Order No. 2013-22, otherwise known as the Revised Procedures and Standards for the Management of Hazardous Wastes, the JHMC has filed its online registration covering Hazardous Waste Number M 506, Waste Electrical and Electronic Equipment (WEEE) and Hazardous Waste Number I 101, Used or Waste Oil. This was based on an actual hazardous waste inventory conducted by the Environment Management Division (EMD) in coordination with the General Services Division (GSD) in July 2016.

Regulatory and Permitting Review of projects and locators was likewise accomplished to ensure that locators are compliant with applicable environment regulations, standards and permitting requirements.

## REGULATORY SERVICES

### Special Economic Zone Administration Department/One-Stop-Action Center/Customs Clearance Area

In CY 2016, the Special Economic Zone Administration Department (SEZAD)/One-Stop-Action Center (OSAC)/Customs Clearance Area (CCA) has shortened the processing time for the issuance of regulatory permits for renewals to an average of eight (8) minutes, and for new applications to an average of one (1) calendar day (as compared to 15 minutes and 3 days, respectively, in 2015).

The twelve (12) line agencies at the OSAC include the Department of Trade and Industry (DTI), PEZA, Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), City Government of Baguio, DENR, Securities and Exchange Commission (SEC), Department of Labor and Employment (DOLE), Pag-IBIG Fund, PhilHealth, the Social Security System (SSS) and the Philippine Retirement Agency (PRA).

The SEZAD continues to promote an investor-friendly business climate in the JHSEZ, attaining a 95% satisfaction rating from the locators in 2015 (based on the Stakeholders' Satisfaction Survey). It likewise continues to strictly implement the "No Noon Break Policy" and the "No Gift Policy", and ensures that all goods and articles entering and exiting the Zone are properly documented and inspected. The JHSEZ remains a "Zero- Smuggling Zone" as certified by the Bureau of Customs (BOC).

### Establishment of the Business Center

The establishment of the Business Center at the SEZAD was approved by the JHMC Board in 2016. The purpose of which is to provide the JHSEZ locators a centralized office for payment of lease rentals and CUSA, as well as the issuance of all requisite permits in the Zone.



SEZAD Business Center, 2016

### JHMC-Office of the Building Official (OBO) / Project Management Division

The JHMC-OBO ensures compliance of all locators with the National Building Code and the Comprehensive Fire Code of the Philippines. In 2016, the OBO issued 12 Building Permits and 50 annual Mechanical and Electrical Permits in the JHSEZ. For the JHRA, there were 50 House Repair Permits issued by the PMD.

## Environment Management Services

The EMD continues to implement a Comprehensive Environmental Management plan for all the locators through the conduct of inspections and monitoring of their compliance to applicable Environmental and Sanitation Laws, Rules, Regulations and Standards within the JHSEZ.

The EMD processed applications and issued the Certificates of Environmental Compliance (CEC) to the 69 locators that were due for renewal in 2016.

## Citizen's Charter and Transparency Seal

The Citizen's Charter, a comprehensive and detailed guide on the frontline services and process flows of JHMC was established in November 2012 and updated in CY 2016. The JHMC continues to enhance the Charter by shortening the processing time for the issuance of regulatory permits, and through its Quality Management System (QMS) certified to ISO 9001:2008 standards.

JHMC has likewise been consistently compliant with the Good Governance and Transparency Seal requirements being monitored by the Inter-Agency Task Force (IATF) and the Governance Commission for GOCCs (GCG).

## Advocacy for Related Legislation in Congress

The JHMC collaborated with the House of Representatives for the filing of House Bill (HB) No. 4881- *"An Act Providing for a Uniform Rate and Method of Incentives Among Subsidiaries of the Bases Conversion and Development Authority, Amending for the Purpose Republic Act No. 7227, As Amended, otherwise known as the "Bases Conversion and Development Act of 1992," and for Other Purposes."* This HB was previously approved by the Special Committee on Bases Conversion in December 2014, and subsequently referred to the Committee on Ways and Means.

In 2016, the JHMC continues to participate and coordinate with other government agencies for the refiling of the HB in Congress. The passage of this bill into law will allow JHMC to fully administer, monitor, and implement the uniform incentive schemes of the BCDA for its registered enterprises within the JHSEZ.



Senate of the Philippines, 2014



Meeting of the House of Representatives' Special Committee on Bases Conversion with BCDA-JHMC Baguio City, May 2014

## Integrity Initiative

The JHMC SEZAD continues to be the coordinating office for the Integrity Initiative programs in Northern Luzon. The project is a joint public-private sector campaign towards the re-establishment of integrity standards in doing business in the Philippines, with the Makati Business Club (MBC) as its lead proponent.

The JHMC had adopted the Integrity Initiative jointly with the JHSEZ locators in August 2012 and continues to adhere to the good governance standards in doing business in the Zone. All the 120 locators have signed the “*Integrity Pledge*” and adopted the “*Unified Code of Conduct of Business*” prior to the issuance of their Permits to Operate.

Furthermore, the Integrity Initiative was adopted by the BCDA Group during its Presidents’ Caucus held on 20 March 2013, with the signing of the “*Integrity Pledge*” in the presence of Chairman Ramon Del Rosario Jr. of the MBC.



Signing of the Integrity Pledge by the JHMC and JHSEZ Locators at the Bell House, CJH, 2012



Signing of the Integrity Pledge by the BCDA Group, Makati City, 2013

## **RISK MANAGEMENT**

### **Camp John Hay Development Corporation Legal Cases**

A continuing challenge of the JHMC are the pending cases filed by the BCDA against CJH Devco, the private developer of the 247-hectare property within the JHSEZ, due to the non-payment of lease rentals amounting to about PHP 3.7 Billion. The case is currently pending before the Supreme Court.

JHMC played a major role in the arbitration case in the Philippine Dispute Resolution Center, Inc. (PDRCI) when its officers took the stand as principal witnesses of the government.

### **Establishment of the Directors' and Officers' Liability Fund**

The Legal Department was instrumental in the establishment of the Directors' and Officers' Liability Fund (DOLF). The DOLF, which was duly approved by the GCG on 14 December 2015, will accord the Members of the Board of Directors and Officers of the JHMC the means to accomplish their fiduciary duties and obligations and act in the best interest of the Corporation. This Fund will allow the proper recovery of the costs of litigation and judgment liability should these arise during the exercise of their official duties.

Subsequently, in April 2016, a Trust Agreement was executed between JHMC and the Land Bank of the Philippines (LBP) to administer the DOLF and ensure that said fund will be managed prudently and replenished accordingly.

## COMMUNITY RELATIONS

### CORPORATE SOCIAL RESPONSIBILITY PROGRAMS

#### Educational Centers within the JHRA

The JHMC, in its commitment to contribute to uplifting the education of the less fortunate school children, undertook various Corporate Social Responsibility (CSR) projects from years 2011 to 2016.

The JHMC submitted a proposed Road Map for the infrastructure development of schools within the JHRA to the Office of the DepEd Secretary. Relative to this, the construction of a 3-storey, 6-classroom building for the Country Club Village Elementary School (CCVES) was approved through the initiatives of the JHMC and the barangay, which was subsequently completed in December 2016.



6-Classroom Country Club Village Elementary School, December 2016



Inauguration of Country Club Village Elementary School, 19 December 2016



The JHMC likewise actively participated in the “*Brigada Eskwela*” program of the DepEd for four schools in 2014, three schools in 2015, and five schools within the City of Baguio and the JHRA in June 2016. This program includes clean-up drives, painting works and fabrication of student tables, chairs and book shelves.

In 2014, book drives for the Day Care Centers in the JHRA generated about 2,000 instructional materials. In partnership with the University of Cordillera, Masters in Business Administration through the *“Tulong Ngayon, Dunong Bukas”* project, an additional 300 learning materials including encyclopedias and science books were provided to the Barangay Sta. Escolastica Day Care Center.



Brigada Eskwela at JP Laurel Elem. School, Barangay Upper Dagsian, 2014



Brigada Eskwela at Doña Aurora National High School, 2016

## Collaborative Feeding Program

The Collaborative Feeding Program spearheaded by the JHMC in 2015, in partnership with the Barangays, benefitted 227 students of the Happy Hollow Elementary School and 47 Hillside Day Care Center children, who were provided healthy meals and micronutrient supplements on a daily basis for a 6-month period. This program resulted in improving the overall well-being, social interaction and the school performance of the children.



Collaborative Feeding Program at the Happy Hollow Elementary School, November 2015



## Outreach Programs

In partnership with the private sector, the JHMC participated in various outreach programs which include among others, the “*Bombo Medico*” Medical-Dental Missions held in July 2013 and July 2014 for about 4,000 indigent constituents of the City of Baguio, by providing its services and various medicines.

In the “*Silahis ng Pasko: - Share-A-Joy Program*” and “*Paskong Barangayan*” Projects in 2014, the JHMC provided various toys, clothing and food items to 600 indigent children in the JHRA communities and the City of Baguio.



Bombo Medico Medical Mission,  
July 2014

Paskong Barangayan, 2014

Silahis ng Pasko 2014  
Share-a-Joy Program

In 2015, the “*Silahis ng Pasko: Share-A-Joy Program*” benefitted 175 indigent children in the City of Baguio in coordination with the City Social Welfare and Development Office and the National Correspondents Club of Baguio (NCCB). The JHMC was awarded a Certificate of Commendation by the Office of the City Mayor for this project.



"Silahis ng Pasko 2015: Share-A-Joy Program" at the Bell  
Amphitheater, 05 December 2015



The JHMC partnered with the Berdeng Karunugan, Inc. and the Philippine National Police (PNP)-CAR in the conduct of outreach programs in Banaue, Province of Ifugao in 2014. Aside from the assistance of JHMC personnel in the Medical Mission, various learning materials, toys, clothing and food items were provided to two indigent communities in barangays Uhaj and Pula which benefitted more than 300 children and rural folk.



Establishment of Library at Uhaj, Banaue, Ifugao, November 2014



Outreach Program: Pula, Banaue, Ifugao, December 2014



Outreach Program: San Fernando and Gohang, Banaue Ifugao, November 2016



In November 2016, the JHMC conducted another outreach program in Banaue, in coordination with the local PNP and the Provincial and Municipal Health Offices. A Medical and Dental Mission was conducted with free multivitamin supplements and medicines distributed. Various learning materials, toys, clothing, slippers, mosquito nets and food items were provided to two indigent communities in barangays San Fernando and Gohang. There were a total of 212 school children and 294 households who benefitted from the program.

## Information and Education Campaigns (IEC) on Forest and Environment Awareness, Conservation and Protection

The JHMC regularly conducts lectures and information campaigns on forest and environment protection to students and various stakeholders in the CJHR including Women's Groups, private and government organizations.

In 2015, the JHMC held at least five Enrichment Planting Activities and Forest Management Awareness fora within Camp John Hay. In Barangays Hillside and Upper Dagsian, these activities included more than 200 participants from the BSU-College of Forestry, the Cordillera Youth Leaders and Tau Omega Mu Fraternity and its Ladies' Circle.

Further, in 2016, the JHMC held six Enrichment Planting Activities and Forest Management activities including the practicum of 12 Forestry Students of the BSU on Nursery Management, Assisted Natural Regeneration and Enrichment Planting. Students from the Don Mariano Marcos Memorial State University (North La Union Campus), Master of Science in Environmental Studies likewise attended an IEC on "Land Use and Environment and Forest Management Measures in CJH."

Other Enrichment Planting Activities were conducted with more than 100 participants including students and faculty of the Baguio City High School (BCHS), JHMC personnel together with Mc Kleene and the Maximum Security and Services Corporation (MSSC), wherein a total of 500 Arabica coffee seedlings and Benguet pine trees were planted at the Historical Core and forest management activities conducted in barangays Hillside, Upper Dagsian and Country Club Village.



JHMC Annual Tree Planting with McKleene and MSSC, August 2016



Enrichment Planting Activity with BCHS, July 2016



Forest Care Activity participated by BSU-College of Forestry Students, 2016

## PUBLIC RELATIONS

The JHMC in coordination in coordination with the BCDA conducted three major public relations fora in 2015, including a Multi-Sectoral Forum in October 2015 to engage the stakeholders' participation in the various plans and programs of the BCDA and JHMC for Camp John Hay.

Three “*Kapighans*” with the local press were likewise conducted in 2015, and one in 2016, to apprise them on the efforts of the government relative to the legal cases against the CJH Devco, and the protection of the interests of the general public who may have been affected by the aforesaid cases.



Press Conference at the Bell House, 23 March 2015

## GENDER AND DEVELOPMENT PROGRAM

To do its share in the administration's gender and development initiative, JHMC has strived to promote the significant role of women in advancing national development. The JHMC Board and Management participated in various women empowerment and leadership seminars conducted by the Women's Business Council and other women's organizations in 2015 and 2016.



Women Empowerment and Leadership Seminars, 2014 and 2015

The JHMC conducted Awareness Seminars on Violence Against Women and Children, and Anti-Sexual Harassment and Gender Sensitivity with the assistance of the Civil Service Commission (CSC). The participants included JHMC personnel, student leaders and teachers from the Baguio City High School, barangay officials from the JHRA and the JHSEZ locators.



Seminar on Violence Against Women and Children, October 2016



Seminar on Laws Concerning Women and Gender Sensitivity Training Workshop, November 2016

In July 2016, a GAD-Photo Contest with the theme: *“The Role of Women in a Growing Economy”* was sponsored by JHMC. There were 32 entries submitted and the awarding ceremony was done in December 2016.

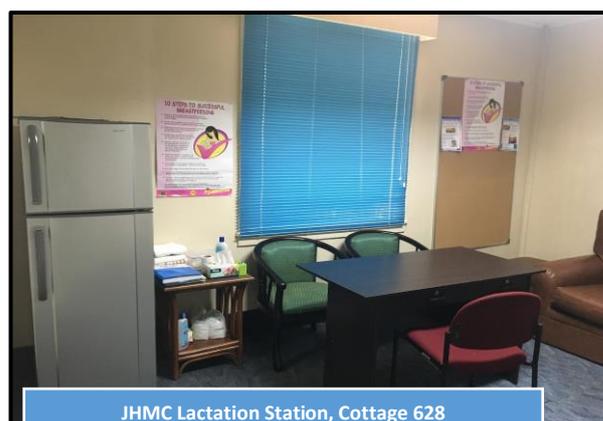


Awarding Ceremony of the JHMC GAD Photo Contest at the Bell House, December 2016

The JHMC continues to be compliant with Republic Act 10028 on the establishment of its Lactation Station. In 2016, the JHMC Board approved the “Policy on Breastfeeding Promotion in the Workplace”. The Lactation Station was transferred to Cottage 628 of the JHMC Office Complex and is made available for all nursing employees, stakeholders and visitors of Camp John Hay. It is due for accreditation with the Department of Health for the “Working Mother-Baby Friendly Certificate” in 2017.



Breastfeeding Policy and Lactation Management Orientation, September 2016



JHMC Lactation Station, Cottage 628

## HUMAN RESOURCE DEVELOPMENT

The JHMC has continued to strengthen its efforts to professionalize the organization and develop its human resources through training programs.

For years 2016 and 2015, the JHMC achieved a 98% Overall Training Spread Index. The Management and staff attended various professional training programs, including the attendance of its officers in an international “*Executive Training Program in Urban Policy, Governance and Green City Development*” in Nanyang Technological University in Singapore, which was sponsored by the Temasek Foundation.



Among the in-house seminars included programs on Leadership and Values Formation. The Development Academy of the Philippines assisted the JHMC for its Quality Management System Training and Education from March 2015 to February 2016, as part of JHMC’s accreditation to the ISO 9001:2008.

The Training Needs Analysis (TNA) was conducted by the Human Resource Division in 2015 and 2016 to determine individual and departmental training needs in order to address the gaps.

In 2016, the JHMC Board approved the Consultancy Services of Quality Plus Consulting Company for the development of a Competency Model, the purpose of which is to ensure that all JHMC personnel meet the Qualification Standards (QS) required for their positions, and that they are properly equipped with the necessary competencies such as Knowledge, Skills, Abilities and Behaviors to efficiently and effectively perform their functions.

In March 2016, the Office of the President approved the Compensation and Position Classification System (CPCS) for the GOCC sector (Executive Order 203), in order to attract and retain the best employees while maintaining the GOCC’s financial sustainability. This was based on the studies conducted by the GCG with Towers-Watson, a human resource consulting firm, from years 2012 to 2013.

Corollary to this, the GCG approved the Reorganization Plan of the JHMC in 2013, through Memorandum Order No. 2013-45, which is a pre-requisite of this remuneration system. Subsequently, in June 2016, the JHMC was the first to apply for its implementation of the CPCS, and underwent validation by the GCG in November 2016 prior to its final approval.

## **ADMINISTRATIVE AND FINANCE SERVICES**

Among the major accomplishments of the Administrative Services and Finance Departments, was the resolution of the recurring findings by the Commission on Audit (COA) over a period of more than ten years, on the reconciliation of the property records with the accounting records of the JHMC. In May 2015, the 100 % reconciliation of both records was achieved.

After the accumulated depreciation costs were determined, the reconciled accounts for the Other Assets and the Property, Plant and Equipment (PPE) resulted to a total recorded net book value (NBV) of PHP 30,001,274.35, from a recorded cost of PHP 112,842,587.90. The report was duly submitted to the COA.

Further, the disposition of unserviceable vehicles and properties of JHMC was accomplished in 2015 through public bidding. This resulted in the reduction of the PPE Account and Other Assets Account by a total recorded cost of PHP 1,321,387.80.

In CY 2016, the disposal of additional unserviceable PPEs with NBV of PHP 1.00 and below was accomplished. After the accumulated depreciation costs were determined, the reconciled account resulted in a recorded NBV of PHP 619.00 from a total cost of PHP 4,168,002.65. This resulted in the removal of 689 items from both the Property and Accounting records.

The PPEs recorded under Other Assets with NBV of PHP 1.00 and below, were likewise disposed during the year . After the accumulated depreciation costs were determined, the reconciled account resulted in a recorded NBV of PHP 11,123.00, from a total cost PHP 18,589,826.67 as of 31 December 2016. This subsequently removed 12,083 items from both the Property and Accounting records.

The JHMC continues to closely coordinate with the COA, as it commits to maintain a property inventory that is compliant with government standards.

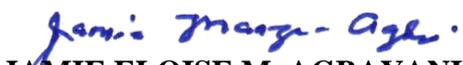
## CLOSING STATEMENT

In the five years that we have worked together in steadfast fidelity and commitment to the mandate given us, we have achieved these major reforms and milestones outlined in the foregoing report. Many, if not all of these had remained pending in previous administrations.

The many milestones accomplished by the JHMC over the past five years are proof that competent, compassionate and persistent bureaucracy and leadership can achieve challenging reforms and vital planned development goals and objectives.

I take this opportunity to thank the various barangay and private stakeholders, government and non-government agencies that assisted us, and more importantly, the BCDA for its invaluable and unwavering support for our plans, programs and endeavors. Let me also thank the distinguished Members of the JHMC Board of Directors, and the men and women of the JHMC Management, without whose blood, sweat and tears, these accomplishments would not have been possible.

And let us all thank God, by whose grace, we together, were able to climb mountains, overcome challenges to carry out our mandate and achieve our aspirations for our people and country.

  
**JAMIE ELOISE M. AGBAYANI, M.D.**  
**President and Chief Executive Officer**  
**John Hay Management Corporation**

10 January 2017  
Philippines